

Royal Commission
on Canada's Economic Prospects

Labour Mobility

by The Trades and Labor Congress of Canada, now
The Canadian Labour Congress

ROYAL COMMISSION ON CANADA'S ECONOMIC PROSPECTS

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By THE TRADES AND LABOR CONGRESS OF CANADA

now

THE CANADIAN LABOUR CONGRESS

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LABOUR MOBILITY

The Trades and Labor Congress of Canada is pleased to have this opportunity of making its views on the mobility of labour available to the Royal Commission on Canada's Economic Prospects.

Many factors influence mobility. There are two fundamental reasons for a worker to move from one employment to another. There are many other reasons for him to remain where he is.

Ordinarily a worker moves from one employment to another either within the locality where he lives or from one locality to another for one of two reasons: (1) seeking employment itself, or (2) seeking higher earnings.

Many other factors tend to offset these and to cause the worker to remain in his employment or his locality despite known opportunities for other employment or higher earnings elsewhere. These immobilizing factors have been on the increase in recent years. They may continue to increase both in number and effectiveness, but adjustments can be made which will in large part restore the general mobility of labour.

One of the fundamental quests of man is for security: security of employment, security of income, security of old age, security of the family, and security of the home to mention those facets of this general aspiration which are largely economic in character.

The individual's quest for security is a natural one. The security sought and demanded today differs little, if any, between those who invest their savings and those who live by their direct labours.

The security, measured in material terms, which each of these main groups can expect to obtain and maintain rests on two factors; (1) priority of claim—for the investor, entitlement to the first claim on earnings and assets of the enterprise; for the worker, seniority; and (2) organization and

legislation:—for the investor, concentrations and consolidations of capital, spreading of risks, and legislation protecting the rights of private capital; for the worker, union organization through which he can exert his will through collective bargaining, and through social legislation.

Security of this sort when obtained through individual effort as opposed to community-wide or nation-wide effort tends to immobilize labour as it does capital. (This is not a condemnation of individual effort or of the efforts of groups within our economy that have sought security for themselves, for in doing so they have shown the way to the legislators in this field.)

Legislation will be necessary if renewed mobility is to be afforded labour.

The number and variety of employable working people which may be available at any time are, of course, of considerable importance in any assessment of the potential growth and productiveness of Canada, whether in the short or the long run. However, many factors can influence both the numbers and the variety within the labour force.

Some of these factors are purely economic; level of production, demand or potential demand for certain skills, wage rates, social benefits as these are translated into financial terms of employment. Some factors are social such as family relationships as these are translated into the handing down of skills from father to son. Some factors are local; continuity of employment in the same industry such as coal mining, woollen textiles and wood-working. Some factors are national; large-scale efforts to attract workers into new industries and new localities, retraining programmes, broad social security programmes, encouragement of apprenticeship training.

Perhaps as many factors influence the mobility of the average individual member of the labour force. Basically, two factors can cause a worker to move from one locality to another in his effort to earn a living, a better living or a more secure living. They are (1) wages, when employment opportunities are reasonably favourable, and (2) employment itself, when they are not.

Most economic and social factors tend to immobilize workers. The family itself and the responsibilities which it brings to the worker as to all other breadwinners in the population tend to root him in one locality. The employer tends to keep his efficient workers whether they be skilled or otherwise. All the attributes of good citizenship seem to contribute to the immobilization of the worker.

Organized Labour in a Growing Population

Before taking a more careful and detailed look at the causes of immobility, and giving some consideration as to what measures could be taken to

provide for reasonable mobility of labour, it may be useful to note the potential position of organized labour within our growing labour force and population.

Under the influences of two world wars in the first half of this century Canada mustered her industrial resources. Manpower previously engaged in agriculture and primary production of mine, forest and stream was encouraged to join the ranks of industrial workers and to help man our growing industrial and commercial mechanism. In the last decade this process has continued and further additions to the industrial work force have resulted from substantial immigration.

This continuing industrial expansion has developed not only the need but also the opportunity for increasing numbers of industrial workers and skills. Our population and labour force have expanded rapidly.

Today with our population nearing the 16 million mark, our labour force exceeds 5½ million. And, significantly, while the percentage of industrial workers is increasing, the percentage of those engaged in agriculture is decreasing.

Indications are that our population is growing at a rate which may reach a total of at least 20 million by 1966; 25 million by 1976; and 30 million by 1986.¹

We may assume that the numbers in agriculture will not change materially for a number of reasons including: (1) further mechanization of farming, and (2) more efficient use of land and labour through larger units and better integration of farm production.

As the economy and industrial activity expand, the consequently growing labour force may be expected to increase with the population, but as a slightly ascending percentage of it. By 1966 the labour force may reach 7,200,000; by 1976, 9,300,000; and by 1986, 10,900,000.²

Organized labour in Canada has its roots among the skilled workers in the building and construction trades, in the metal trades, in the printing trades, and in mining. As industrialization has expanded so has membership in trade unions, and industrial unions have developed and prospered.

¹These population totals for selected years in the future are based upon independent estimates, and largely upon those published by the Canadian Economic Research Associates.

²These estimates may turn out to be high since increased mechanization of industry and industrial processes may, at least in its earlier stages, result in a slower growth of the labour force. The lower age limit of participation in the labour force may be raised as a result of the increased training and skill which may be required of workers in highly mechanized industries of the future. The upper age limits may be lowered as new industrial methods cause employers to reduce the number of older workers in their plants. At the further end of the mechanization and automation period, however, this trend may be reversed as more jobs become available in non-automated industries which have grown up as a result of industrial expansion occasioned by automation.

Today membership in unions in Canada exceeds 1,250,000 out of a labour force of 5½ million.³ About a million of these workers are members of unions affiliated with or chartered by The Trades and Labor Congress of Canada and the Canadian Congress of Labour. (Now the Canadian Labour Congress). These unions are international, national, or local in character. The greater part of the membership in craft and industrial unions of the two Congresses, which were merged into the Canadian Labour Congress early in 1956, is in international unions. These unions have members in both Canada and the United States and, to some extent at least, this development has its parallel in the vast investment of United States capital in our Canadian industries.

The parallel ends there, however, since the Canadian members and policies of these international unions are not subject to outside direction as are the operations of United States owned or controlled Canadian subsidiaries or branch plants.

As union membership keeps pace with industrial expansion throughout Canada it may be expected that total membership will reach about 1,900,000 by 1966; 2,500,000 by 1976; and 3,250,000 by 1986.⁴

Union members may be found now and in the future in every province of Canada with concentrations of them wherever industry is concentrated.

Unemployment in a Full Economy

Even though our economy should continue to expand, production and construction set new records from year to year and decade to decade, and our employment approximates maximum proportions, there are likely to be pockets of unemployment for a number of reasons. Industrial or commercial failure, outmoding of products or services, inefficient plant or management, depletion of raw materials, are a few possible factors. The unemployment thus caused may result in a movement of the labour supply to areas of employment opportunities, but it may not.

Before such social benefits as paid holidays, paid vacations, prepaid hospital and medical plans, pensions and guaranteed annual wages became a part of the employment conditions as well as the wage rate, it could be assumed that labour would move from place to place as needed by variations in wages. For large numbers of workers the simple operation of the wage rate is no longer effective. The average worker may follow an increasing wage scale, but he may not. Before considering the reasons for these decis-

³Total union membership in Canada in 1955 was officially reported by the Department of Labour as being 1,268,207—*Labour Organization in Canada—1955 Edition*.

⁴These estimates are based on assumptions that union organization will continue on an active basis throughout the period among those groups of workers in which organization now exists, and that these groups will increase to some extent as a percentage of the labour force. These estimates do not take into account possible extension of union organization among groups of employed workers where no recognizable organization now exists.

ions, perhaps it might be worth considering whether mobile labour is a good thing.

It can be argued that the needs of an expanding economy can best be met when an adequate supply of labour, and the necessary skills, are available at the place when and where they are required. Substantial argument, however, can also be made for the maintenance of the worker and his family in a settled community where they can participate to the full in local affairs of church and community and the children can grow up and gain their education in conditions conducive to good citizenship.

Thus in delineating the factors tending to increase or decrease the immobility of labour, and in indicating some of the steps which could be taken to increase labour mobility it should be pointed out that mobility of labour is not necessarily a desirable end in itself. On the other hand, however, very serious efforts may be necessary in certain situations to provide or increase mobility.

It has been and still is the practice of many in the skilled trades to work for more than one employer during a year or even during a season. This is especially true in the building and construction trades. The need and desire to provide for old age and retirement were met by these journeymen through social security schemes financed and operated by their respective unions. Many of these plans are now in effect.

Since all of these unions are nation-wide in their operations and jurisdictions, their social security schemes have no bearing on mobility. Membership in a trade union, in itself, has not contributed to immobility. On the contrary, there are many examples which could be cited to show how unions have contributed to labour mobility. This is especially true in the building and construction industry.

Security on Retirement

All organized workers have felt the need of financial security at retirement and also have realized the difficulty of providing such retirement income out of their wages. Thus, very soon after the turn of the century they sought through the Congress to have old age pensions provided on a national basis. Such pensions were made available, but on the basis of a means test.

Further efforts along this line resulted in the present old age security payments to all Canadians as of right, subject only to an age limit and a residence rule. While the present level of these monthly payments is low and the age limit high, yet this type of old age security has not added to immobility, because of the universality of the payments.

As organization of workers became more effective in industry in Canada, especially within the last decade, industrial pension plans developed. These

plans, financed entirely or partly by the employer, influence the worker's attitude to his employment and tend to bind him to his employer. Because of the arithmetic of the pension plan, the employer seeks to place an upper age limit on hiring eligibility. The total effect of the industrial pension plan then is to place artificial limits on employability on the one hand and to encourage the worker to retain his employment with one employer on the other. Such plans thus tend to immobilize the worker.

The same could be said, though perhaps not to the same degree, of welfare plans in which medical and hospital expenses are prepaid entirely or partly by the employer.

It is also worthy of note in this connection that some skilled journeymen in the building and construction industry are now negotiating through their unions with their employers for welfare and pension plans. And some are now in operation. These plans may not reduce mobility within the locality, but this effect may be noted in respect to the movement of construction workers from one locality to another.

By and large, employers have resisted attempts to bargain and to enter into collective agreements on an industry, area or national basis. Unless they do accede to such suggestions, there seems little or no likelihood of pension and welfare plans being integrated or inter-related to the extent that they will cease to be major obstacles to the mobility of labour.

Some employers have agreed to a type of guaranteed annual wage. Other employers and unions are negotiating such plans. Others are most likely to be asked by unions to enter into such plans in the near future.

The guaranteed annual wage, whether in its present form or any reasonable modification of it, will have the same basic influence upon mobility as industrial pension and welfare plans.

It would thus appear that the efforts of unions and employers to provide against the financial calamities of illness, unemployment and old age have resulted in increased immobilization of the workers covered by these agreements. However, these are the results of collective bargaining within a free democratic society. And there are democratic means by which this group of immobilizing factors can be removed, without interfering with the free collective bargaining process.

The problem created by the individual welfare plan can be met by a nation-wide health insurance scheme covering all Canadians.

The problem posed by industrial pension plans can be relieved in two ways. The present old age security payments are low. To the extent these are raised, the need for industrial pensions diminishes.

Secondly, a national industrial pension plan should be established to which employers and employees should contribute and which a federal authority should administer. If such a scheme were carried on in an enlightened and progressive manner, the demand for individual industrial pension schemes need not arise.

If such a scheme were devised and implemented, it could be expected that its invested funds would grow to considerable proportions, and, if these investments were limited to government securities, might provide merely an additional manipulative fund. However, since the payments, which it would be committed to, should be related as closely as possible to the price level at all times, it would appear most desirable that a substantial part of the scheme's investment funds should be used to purchase equities and its purchases of government securities held down to a reasonably safe limit.

The problem created by the guaranteed annual wage, in its present form, can also be met. In this connection it should be recalled that Canada has an Unemployment Insurance scheme which covers more than 3,250,000 workers. It could and should cover more.

Employers and employees contribute equally to this scheme and the federal government contributes an additional 20% and pays the administration costs. Both contributions and benefits are related categorically to the wage rate or weekly earnings.

If this scheme were altered slightly so that contributions could be made on higher earnings, and benefits could be paid on a fixed percentage of the actual weekly earnings of the worker, then all workers covered by the scheme would have gained the guaranteed annual wage in its present form and the immobility of labour which is threatened by individual introduction of such plans could be avoided.

There are other factors as well which influence mobility.

Citizenship and Mobility of Labour

The good citizen is portrayed as one who takes great pains to raise and educate his family, participates in community affairs, is interested in his civic government, owns his own home and generally integrates himself into the general and constructive life of his locality. In other words, the good citizen tends to be an immobilized worker.

There are ways, however, by which this good citizen can be afforded mobility. But several developments are necessary if this new mobility is to be attained while assuring workers and their families of their ability to be and become and remain good citizens.

If the mobile worker is to provide a good education for his children, then adequate schools must be made available throughout Canada and ap-

propriate standards of teaching and curricula should be established and maintained throughout the country.

If the mobile worker is to participate in community affairs and be interested in his civic government, he will be living in an organized municipality and not in a company town. The movement of one worker and his family or a small number of workers and their families from a municipality may not create problems for the community, but a mass movement could. In other words, substantial movements of workers, whether from a relatively prosperous municipality or from an embryonic ghost town, involve a social cost. This cost must be borne by someone. To the extent that Canada's growth and economic expansion will gain from maximum labour mobility, this social cost should be shouldered federally whether it be accepted as a commitment to the relatively prosperous municipality suffering from mass migration, or to the victims who face both unemployment and the disappearance of their savings in the ghost town.

If the mobile worker is to own his own home, provision should be made for the easy and ready marketing of homes. Under the National Housing Act it has been possible to speed up home building and to encourage home ownership, but so far this legislation refers only to new homes. If the mobile worker is to be able to market his home easily and acquire another home with the proceeds in a new locality, this legislation will have to be extended to cover all homes. Then it should be possible to trade houses in about the same way as motor cars are traded or exchanged.

Mobility could be further improved through greater emphasis being placed upon and more encouragement given to apprenticeship and vocational training. This could bring greater numbers of young persons into the ranks of skilled workers and mechanics. And in addition more impetus could be given to retraining programmes in order to encourage more workers to leave marginal and declining industries and employments and to enter those which show greater promise and may add more to the general growth and prosperity of Canada.

In this connection it might be fruitful if an enquiry were to be made into the status and condition of workers who were still unemployed in Canada at the peak of employment in 1955. According to the Dominion Bureau of Statistics figures, many thousands of these had been without work for as much as one year. It may be that many workers need retraining to make them useful in the employments which are available in this active stage of our economic development.

In other words, the National Employment Service might well be charged not only with placement and suggesting specific training for applicants having difficulty in finding suitable employment, but also with developing clinical

methods with a view to maintaining the labour force in a state of maximum usefulness in relation to the developing demands of the economy.

There are two very important aspects of this matter which could be investigated either by the Royal Commission or, perhaps, by the National Employment Committee. They are; (1) how many unemployed workers are without jobs and seeking work at peak employment periods because they lack educational or training qualifications for the jobs that are available, and (2) how many unemployed workers are without jobs and seeking work at peak employment periods who have enough education but lack either (a) re-training for the specific job available, or (b) lack the facilities for getting to the job?

In regard to the migration of workers from place to place within Canada, it should be remembered that for many workers and their families it is just as difficult, if not more so, to migrate from Halifax to Vancouver or from Toronto to Whitehorse as it is from London or Amsterdam to Halifax or Toronto. Considerations should be given to our internal migratory facilities if general mobility is to be returned to the labour force.

In conclusion, the Congress hopes that this consideration of factors influencing the movement of workers from job to job in Canada will be of use to the Royal Commission, and we wish to thank the Royal Commission for affording us this opportunity of placing our objective views on this important matter before you.

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¹This is one of a series of three studies on Canadian international economic relations prepared under the direction of S. S. Reisman.

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